



ANTHONY A. WILLIAMS  
MAYOR

June 4, 2001

The Honorable George W. Bush  
President of the United States  
1600 Pennsylvania Avenue  
Washington, DC 20500

Dear President Bush:

I am pleased to transmit to you the District of Columbia's FY 2002 Budget and Financial Plan. The theme of this budget is *Building a City that Works for Everyone – Neighborhood by Neighborhood*. It reflects the focus of our efforts in the District to reform and improve government, and reflects our vision for the future.

Every year, elected officials across the country face the same dilemma – how to aggressively improve service delivery and, at the same time, maintain fiscal responsibility. This budget meets that challenge by adhering to several guiding principles:

- First, it focuses budget resources on the service improvements that citizens care about most: education, services for our most vulnerable residents, and neighborhood quality of life.
- Second, it maintains the balance of revenues and expenditures in FY 2002 and every year thereafter.
- Third, it includes no spending that is contingent on unallocated savings or changes in federal law.

In sum, the District's FY 2002 Budget and Financial Plan sets a new standard for investing in critical priorities *and* maintaining fiscal responsibility.

### **Investing in Critical Priorities**

As we invest in critical services the first and foremost priority of my administration is to ensure that every child has access to a high quality education in a safe and healthy school. In FY 2001 I committed to full funding for education, and I continue that commitment in

FY 2002. Our budget includes a \$29 million increase for the D.C. Public Schools. As you know, Washington is home to probably the most vibrant charter school movement in the country. This fall we will have 40 charter schools in operation and this budget includes a \$37 million increase for the D.C. Public Charter Schools. In addition, we include \$750,000 to launch the Lead Principals initiative – a recruiting drive that will draw highly talented principals from across the country to our lowest performing schools – and \$1.2 million for the Teaching Fellows program, which will help the District recruit and train committed new teachers from an array of professional backgrounds.

We appreciate the fact that the President and Congress also place a high priority on education in the District. The city is particularly gratified that First Lady Laura Bush helped launch the Teaching Fellows program. We are even more pleased to report that over 1,200 people – including “dot-com” executives, retired persons, and even a few congressional staffers – applied for this program in its first year. This is a solid indication that citizens are willing to invest themselves in turning around our school system. To further improve educational opportunity, the District’s capital budget includes \$174 million to renovate and build quality school buildings so that our children have safe, functional, inviting environments in which to learn.

Between the large array of charter schools and a liberal out-of-boundary enrollment program, the District has embraced public school choice. Parents have many options. It is my hope to broaden those choices – especially for those in chronically low-performing schools – as DCPS implements plans to reconstitute schools and provide parents with new environments within the public school system.

Against this backdrop, our new school board and Superintendent are working hard to put in place accountability systems that will help implement change. The District has earned a great distinction among major urban areas that have reformed their school governance structures. Our changes were self-instituted and ratified by the voters. As a city we came together, recognized the need for change, and went about doing it. Our new system has met some bumps along the way, but I can assure you that this system is working, and will continue to improve.

Children are benefiting from these improvements, and as they do, they now enjoy greater opportunities for higher education. Thanks to the Tuition Assistance Grant Program, more than 1,800 District youth have received financial assistance to attend colleges and universities in 37 states. For many of them, this program means the difference between attending and not attending college. The number of applicants, grantees, and participating schools far exceeded our expectations. With a smooth year’s worth of operations under our belt, I urge you to support amending the original statute and remove the requirements that participants have graduated after January 1, 1998 and that they have commenced higher education within three years of their high school graduation. These restrictions needlessly exclude older students and others who, for whatever reasons, fall into these categories.

While we rebuild our schools, however, we must also ensure that children and adults receive the support they need beyond the school walls. To that end, this budget provides key enhancements, including the following.

- First, it includes an expansion of the District's Earned Income Tax Credit for low income residents – increasing the local credit from 10 percent to 25 percent of the federal level.
- Second, the capital budget includes more than \$8 million for the construction of senior wellness centers, and \$15 million to enhance the infrastructure of information and facilities that are critical to delivering human services to our most vulnerable residents.
- Third, it invests \$62 million in new program funding to provide better health care to those citizens who need it most through a restructured health care delivery system.

Even with strong schools and quality human services, however, our residents cannot reach their potential if they live in unhealthy neighborhoods. Children, youth, adults, families, and seniors cannot thrive unless they live in a clean and safe community – a community with jobs, stores, parks, and affordable homes. To move us toward that goal, this budget enhances Fire Department operations with more than \$12 million for capital equipment and facility upgrades, enhances the Police Department with a \$12 million increase for staffing and equipment, and includes \$11 million for library renovations, \$80 million to improve local streets, and \$67 million to renovate recreation centers.

The capital budget also includes \$2 million in matching funds to take another step in the clean-up of the Anacostia River. In this area, no real victory can be achieved without addressing the long-term solution of the Combined Sewer Overflow System, the removal of toxic materials in the riverbed, and the removal of silt that clogs the flow of the river. Central to this effort is the \$12 million that Congresswoman Norton and I requested from the VA/HUD Appropriations Subcommittee in March of this year to begin to implement the long-term Combined Sewer Overflow control plan design. We hope the President and Congress will support the District in this appropriation.

As we clean up the natural environment, the District is also taking great strides to maintain and develop affordable housing. To this end, our budget proposal includes three key provisions.

- First, it includes \$17 million in capital funding for the development of affordable housing and \$11 million for neighborhood revitalization projects.
- Second, it includes \$900,000 in new funding so that when we need to shut down a slumlord's property, we can help the families living there with the transition to a better home.

- And finally, we provide \$3 million in new funding for a broad new package of homeownership initiatives for low- and moderate-income residents. These initiatives include tax incentives for the construction of new housing. They also include funding to address housing code violations so that the residents won't suffer while the District cracks down on unresponsive landlords.

Through these investments, the District will continue to make great strides in service improvements across the city.

### **Maintaining Fiscal Responsibility**

Even while investing in critical priorities, the District maintains high standards of fiscal responsibility. Due in no small measure to the challenge set by the Congress, we have achieved a level of fiscal strength that many would have thought unattainable in such a short period of time.

- We have achieved four clean annual financial audits in a row.
- Our accumulated fund balance is projected to exceed \$550 million in FY 2004.
- Our bond ratings reached investment grade years ago, and continue to improve.
- Our local revenues have increased nearly 30%, and we have done this with fewer full-time employees than we had 20 years ago.
- And the District's success in attracting new economic development has been well-documented.

One of the greatest indications of the District's restored financial health is our swift progress in building financial reserves. Last year Congress challenged the District to establish emergency and contingency cash reserves that – when fully funded – will equal seven percent of the total annual operating expenditures appropriated from local funds. These accounts are to be fully funded, at one percent per year, by fiscal year 2007.

At present, the first one percent has been set aside in the emergency reserve account. By the end of this fiscal year, the District will have set aside \$102 million. At this pace, the District will meet the seven percent target by fiscal year 2003 – *four years ahead of schedule*.

### **One Government, Good Government, and Self-Government**

As we invest in critical priorities and maintain fiscal responsibility, we continue moving through the progression of one government, good government, and self-government. This government has demonstrated a high level of cooperation and an unprecedented level of responsiveness to the citizens of the District. By working together, we have made great strides in service improvements and in restoring credibility to the nation's capital. This budget represents the next critical step in the District's evolution. With

continued cooperation and fiscal responsibility, we will demonstrate to the President, Congress, and the world that the District deserves not only the autonomy lost in the control period, but also the representation that comes with full self-government.

In the District's quest for voting rights, many remedies have been put forth, including representation, statehood, retrocession, and others. Regardless of the remedy's form, however, the remedy is due. American citizens living in the District have suffered through taxation without representation for too long. District residents pay more federal taxes per-capita than any state in the union except for Connecticut. It is one of the greatest ironies in our political system that we endure taxation without representation in the seat of the greatest democracy in the world. We suffer taxation without representation in the capital of a nation that fought a revolution to end that very practice.

Until the appropriate remedy can be found, however, Congress owes it to the residents of the District to provide an interim solution. Early this spring, the *No Taxation Without Representation Act of 2001* was introduced in Congress to exempt D.C. residents from federal income taxes until they achieve full representation in Congress.

This is the first voting rights bill that has been introduced simultaneously in the Senate and the House and the first to demand relief from federal income taxes until voting rights are achieved. On behalf of the nearly 600,000 people in the District who suffer taxation without representation, I urge you to pass this bill.

As the Control period comes to an end, I also urge Congress to not just restore home rule, but to enhance home rule. Five years ago, Congress assumed control of the District's finances as a result of the District's performance. Now, the control period is ending, again, as a result of the District's performance. This experience, though a difficult one, provides a new model for how Congress should exercise oversight of the District – *based on performance*.

Accountability is a two-sided coin. If the federal government will restrict the District's autonomy when our performance lags, it should also increase our autonomy when our performance is strong. Specifically, the federal government should afford the District a greater level of budgetary autonomy commensurate with the continued achievement of certain financial targets.

Upon achieving the performance targets specified below, the District's budget should be exempted from the congressional appropriations process and may be allocated, approved, and reallocated exclusively by local leadership. These targets should include the following:

- Maintaining a balanced budget;
- Maintaining an investment grade bond rating; and

The Honorable George W. Bush

June 4, 2001

Page 6

- Maintaining cash reserves equivalent to seven percent of its annual operating budget.

If, in any fiscal year after autonomy is earned, the District failed to meet any of those criteria, the Congress could revoke budgetary autonomy, and the District must meet the criteria established above in order to regain it. This solution allows the federal government to fulfill its constitutional charge to provide oversight, while at the same time providing the District with the budgetary autonomy needed to deliver services effectively.

Such a solution would be reflective of the new era of governance that our city – and the nation – has entered. In this new era, leaders reach across party lines to identify solutions that serve the interests of everyone. Partisan rancor and provincial interests can be left behind in exchange for common efforts toward common goals.

We appreciate your support in carrying forward this spirit of cooperation. On behalf of the citizens of the District of Columbia, I hereby submit the *FY 2002 Budget and Financial Plan: Building a City that Works for Everyone – Neighborhood by Neighborhood* for your support and transmittal to Congress.

Sincerely,

A handwritten signature in black ink that reads "Anthony A. Williams". The signature is written in a cursive, flowing style.

Anthony A. Williams  
Mayor